



200406220081
Skagit County Auditor

6/22/2004 Page 1 of 2 11:00AM

After Recording Return To:
CONSTRUCTION ADMINISTRATION DEPT.
FIRST MUTUAL BANK
P.O. BOX 1647
BELLEVUE, WA 98009

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Loan# 71-429984-02

CHICAGO TITLE CO.

LOAN MODIFICATION AGREEMENT
(Providing for Adjustable Interest Rate)

ACCOMMODATION RECORDING

This Loan Modification Agreement ("Agreement"), made this 20th day of MAY, 2004, between CLAYTON FRANKLIN, AN UNMARRIED INDIVIDUAL ("Borrower") and First Mutual Bank ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (as modified by an Adjustable Rate Rider of the same date) (the "Security Instrument") dated JANUARY 30, 2004 and recorded in Book or Liber Recording #: 200402050104 at page(s) N/A, of the N/A Records of SKAGIT County, WA, and (2) the Note Bearing the same date as, and secured by, the Security Instrument, which covers the real and personal property described in the Security Instrument and defined therein as the "Property", located at 23217 PRINGLE STREET, CLEAR LAKE, WASHINGTON 98233 the real property described being set forth as follows:

LOT 3, BLOCK 24, WEST ADDITION, CLEAR LAKE, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 4 OF PLATS, PAGE 32, RECORDS OF SKAGIT COUNTY, WASHINGTON. SITUATED IN SKAGIT COUNTY, WASHINGTON.

Assessor's Property Tax Parcel/Account Number(s): 4144-024-003-0006, 4144-024-003-0105

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. As of MAY 1, 2004 the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U. S. \$130,300.00, consisting of the amount(s) loaned to the Borrower by the Lender and any interest capitalized to date.
2. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate of 5.250% (the "initial rate of interest"), from MAY 1, 2004. The Borrower promises to make monthly payments of principal and interest of U.S. \$719.52 beginning on the first day of JUNE 2004, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on MAY 1, 2034 (the "Maturity Date"), the Borrower still owes amounts under the Note and the Security instrument, as amended by this Agreement, the Borrower will pay these amounts in full on the Maturity Date.

The Borrower understand and agrees that the initial rate of interest may change on the first day of MAY 2006, and on that day every 24TH month thereafter on the "Change Date", as such term is defined in the Note and Security Instrument.

The Borrower will make such payment at PO Box 1647, Bellevue, WA 98009 or at such other place as the Lender may require.

The Borrower understand the interest rate they are required to pay at the first Change Date will not be greater than 7.250% or less than 3.250%. Thereafter, the Borrower's interest rate will never be increased or decreased on any single Change Date by more than Two percentage point(s) (2.000%) from the rate of interest they have been paying for the preceding 24 months. The Borrower understands that their interest rate will never be greater than 11.250%

The Index: Beginning with the first Change Date, the interest rate will be based on an Index. The "Index" is the one-year London Interbank Offered Rate ("LIBOR") which is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market, as published in The Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index".

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give the Borrower notice of its choice.

3. The Borrower also will comply with all other covenants, agreements, and requirements of the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the borrower is obligated to make under the Security Instrument, including:
 - a. all terms and provisions of the Note and Security Instrument (if any) providing for, implementing, or relating to, any change or adjustment in the rate of interest payable under the Note; and
 - b. all terms and provisions of any adjustable rate rider or other instrument or document that is affixed to, wholly or partially incorporated into, or is part of, the Note or Security Instrument and that contains any such terms and provisions as those referred to in (a) above.
4. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Agreement, the Note and Security instrument will remain unchanged, and the Borrower and Lender will be bound by, and comply with, all the terms and provisions thereof, as amended by the Agreement.

_____(Seal)

Clayton Franklin (Seal)
CLAYTON FRANKLIN

_____(Seal)

_____(Seal)

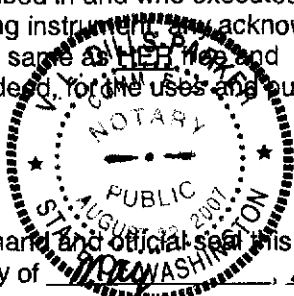
Lender: First Mutual Bank

By: Pamela S. Davis
[Authorized Officer Name]

Its: Vice President
[Authorized Officer Title]

----- (Space Below this Line for Acknowledgements) -----

STATE OF WASHINGTON,
County: Skagit
On this day personally appeared before me
CLAYTON FRANKLIN to me known to be the
individual(s) described in and who executed the
within and foregoing instrument, and acknowledged
that HE signed the same as HE free and
voluntary act and deed, for the uses and purposes
therein mentioned.



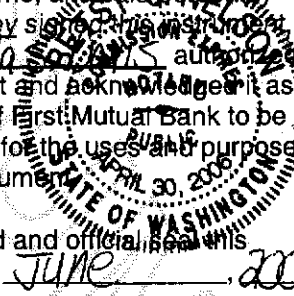
GIVEN under my hand and official seal this
27 day of May, 2004.

My Commission expires: August 22, 2007

V. L. DILLS-PARKER
Notary Public in and for the State of Washington
residing at:
Sedro-Woolley

V. L. DILLS-PARKER

STATE OF WASHINGTON,
County: King
I hereby certify that I know or have satisfactory
evidence that James S. Davis is the person(s)
who appeared before me, and said person(s)
acknowledged that they signed this instrument, on
oath stated that James S. Davis authorized to
execute the instrument and acknowledged it as the
VP of First Mutual Bank to be their
free and voluntary act for the uses and purposes
mentioned in this instrument.



GIVEN under my hand and official seal this
18th day of JUNE, 2004.

My Commission expires: 04/30/06

Betty J. Nelson
Notary Public in and for the State of Washington
residing at:
Sedro-Woolley

